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revenues and higher than projected refunds, Tax Commissioner Don Leuenberger reported to you a potential decline in FY 81-82 net revenues of between 10 and 16 millions of dollars. The Legislature, through a combination of committee and floor actions, has reduced my proposed revenue measures by 15.8 million dollars through changes in the Corporate Tax, Cigarette Tax, Reserve Requirement and funding of Mass Transit assistance. In addition you have established a spending target of 763 millions of dollars, 5 million in excess of my recommendation. Today, I must inform you that even further changes are in store. During the past week intensive efforts have been underway to completely review and analyze the revenue situation for the current fiscal year FY 82-83. My report to you this morning is as follows. First, rather than the projection that current year revenues could be down 10 to 16 million dollars, that number is now estimated to be 34 millions of dollars. From 10 to 16 estimate to 34 million. Second, where our original projection for net revenues for FY 82-83 was 718 million dollars we are now projecting 690 million dollars, a drop of 28 million dollars. It is very difficult for me to have to report these facts to you, difficult, not because of what it will require of us to balance the budget, but difficult because these numbers reflect genuine hardships being experienced by the citizens of our state. Difficult, because they reflect the farmer or rancher who isn't receiving any return, let alone a fair return on his or her investment of time, capital and work. Difficult, because they reflect jobs lost, construction workers idled, small businesses with no sales to keep the doors open, automobile dealers and implement dealers who have gone out of business. The real difficulties are not generally suffered by people in government. The real difficulties are being felt by all those who have been generally affected by the economic recession. However, state government now faces a challenge which just has to be met. We must move ahead together to forge a budget that is reasonable and responsible, giving the economic conditions of the day. Nebraskans have a right to know where their Governor stands and what he proposes. Many of you are asking this. Governor, fish or cut bait, George Fenger might say. In fact, I think he did. Well here I stand and this is what I propose. First, I propose more than 25 specific cuts in state spending. Your Appropriations Committee has prepared a budget recommendation of 761.2 million dollars plus an additional 1.8 million dollars for A bills. I believe there should be virtually no A bills. I propose to reduce that budget by more than 23 million dollars and here is my recommendation as to how that can be done. First, the 5% salary increase for state employees should be deferred to January 1, 1983, with a savings of 8.5 million dollars. With over 43,000 Nebraskans out of work and contracts being negotiated in the